

CITY OF SAN DIEGO  
M E M O R A N D U M

DATE: July 20, 2004

TO: Honorable Mayor and City Council

FROM: P. Lamont Ewell, City Manager

SUBJECT: Responses to Councilmember Frye's July 19, 2004 questions on the Fiscal Year 2005 Appropriation Ordinance

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Listed below are responses to Councilmember Frye's July 19, 2004 questions on the Fiscal Year 2005 Appropriation Ordinance.

- 1. The Contribution to Redevelopment Agency Fund (10227) (Page 13 of the Appropriation Ordinance) has language that states "repayments of sales tax loaned to the Redevelopment Agency may be transferred to funds participating in sales tax distributions." What funds participate in the sales tax distribution?**

The funds that participate in the sales tax distribution include:

General Fund  
Police Decentralization  
Street Division Operating Fund  
Transient Occupancy Tax Fund  
Facilities Financing Operating Fund  
Infrastructure Improvement Fund  
Capital Outlay Fund  
Centre City Maintenance Coordination Fund  
International Gateway of the American Fund  
Imperial Marketplace Fund  
College Grove Fund  
Urban Village Section 108 Replacement Fund  
Fire and Lifeguard Facility Fund (this Fund receives safety sales tax)

- 2. What is the Industrial Development Revenue Bond Administrative Expense Fund (10240) (Page 19 of the Appropriation Ordinance)?**

Industrial Development Revenue bonds are third party tax-exempt municipal bonds. The City serves as the conduit to the issuance of these bonds to help promote job creation in the public sector. The City does not provide credit enhancement. The companies that participate

in this program pay an administrative fee that is deposited into this account in which City staff charges their time. For more detail see the attached Council Policy 100-12 Industrial Development Bond Program.

As of June 30, 2003 the outstanding debt is approximately \$342 million including:

- San Diego Gas & Electric (\$337.3 Million)
- Carmel Mountain Healthcare (\$4.7 Million)

**3. Is the \$500,000 in rent credits for Stadium tenants for Capital Improvements included in the Stadium's Operating Budget (Page 31 of the Appropriation Ordinance)?**

The \$500,000 in rent credits for Stadium tenants for Capital Improvements is not included in the Stadium's operating budget. This mechanism provides for capital improvements at a cost savings to the City. When used, balances from the Qualcomm Stadium Operating Fund can be used to cover the rent credit.

**4. What are the twelve Liveable Neighborhoods referred to in the TransNet – Liveable Neighborhood/Economic Need Fund (30304) (Page 47 of the Appropriation Ordinance)?**

The twelve Liveable Neighborhoods referred to in the TransNet – Liveable Neighborhood/Economic Need Fund (30304) are:

Barrio Logan  
Centre City East  
Golden Hill  
Linda Vista  
Mid-City  
Mira Mesa  
Mtn View/Chollas View/Mt Hope  
North Park  
Ocean Beach  
Otay Mesa-Nestor  
San Ysidro  
Sherman Heights

**5. What is the balance in the Wetlands Acquisition Fund (10545)(Page 48 of the Appropriation Ordinance)?**

As of June 30, 2004 the Wetlands Acquisition Fund has a balance of \$475,117.

**6. What is the Fiscal Year 2005 budget for PETCO Park?**

The total budget is \$13,393,478. This includes \$8,737,184 for debt service and \$4,656,294 for the operating budget.

**7. What is the estimated cost to the City of San Diego for each City ballot proposal placed on the November 2004 election?**

According to the City Clerk's Office each ballot proposal placed on the November ballot will cost an average of \$126,800 - \$158,500.

**8. What funds in the Appropriation Ordinance include Council Policy Waivers?**

<u>Fund</u>	<u>Council Policy Waived</u>
Centre City Maintenance Fund (70209) (Page 7 of the Appropriation Ordinance)	100-03 Transient Occupancy Tax
Major Events Revolving Fund (102241) (Page 25 of the Appropriation Ordinance)	300-07 Consultant Services Selection
Transient Occupancy Tax Fund (10220) (Page 38 of the Appropriation Ordinance)	100-03 Transient Occupancy Tax

Attached to this memorandum are copies of Council Policies 100-03 Transient Occupancy Tax and 300-07 Consultant Services Selection, for reference.

**9. On page 77 of the Appropriations Ordinance is a list of organizations funded by the Transient Occupancy Tax (TOT). Why is the City initiating waivers to Council Policy 100-03 Transient Occupancy Tax in light of the recent City Auditor's audit of the San Diego Convention and Visitors Bureau (CONVIS)?**

Waivers to Council Policy 100-03 Transient Occupancy Tax are provided to certain organizations to achieve the goals of their program and the City's desired result in funding. Waiving section B-1 allows for the City to release funding to the organization before expenses have been incurred or paid by the organization; waiving section B-3 allows organizations to use City funds for travel, meals, lodging or entertainment expenses when it is fundamental to its core business; waiving section B-4 allows for organizations to fund capital or equipment outlay and for the purchases of awards, trophies, gifts, or uniforms. These types of expenses are key to funding requests from groups such as the San Diego African American Sports Association to execute the Gold Coast Classic each year, or the San Diego Film Commission in marketing San Diego to the Film Industry.

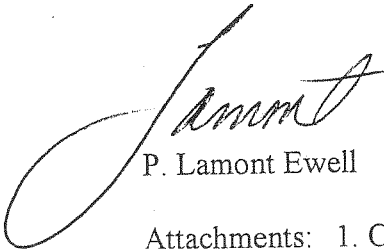
Based on a recent Interim Audit Report of the City Auditor and Comptroller, CONVIS stated that they will no longer use public funds for travel, meals, entertainment, or employee recognition. Given their commitment, the waiver of Council Policy 100-03 sections B-3 and B-4 is no longer necessary and I recommend that it be removed from the CONVIS line items in Attachment B on Page 77 of the Appropriation Ordinance.

In addition, a letter is being sent to all TOT recipients who are granted a waiver under section B-3 reiterating that City funds cannot be used for the purchase of alcoholic beverages. Staff will be returning to the Committee on Rules, Finance and Intergovernmental Relations within the next two months with a proposal to modify the City's policy on granting waivers, funding of executive salaries and other issues pertaining to Transient Occupancy Tax and Community Block Grant recipients.

**10. What is the total principal outstanding debt and the Fiscal Year 2005 bond payment?**

Attached is an update to the Debt Management Summary as reflected on Page 139 of Volume I of the Fiscal Year 2005 Proposed Budget. This Debt Management Summary and the Redevelopment Agency Outstanding Debt Obligations reflect the most current information available.

If you have any additional questions, please contact Lisa Irvine, Financial Management Director, at (619) 236-6070.



P. Lamont Ewell

- Attachments:
1. Council Policy 100-12 Industrial Development Bond Program
  2. Council Policy 300-07 Consultant Service Selection
  3. Council Policy 100-03 Transient Occupancy Tax
  4. General Fund, Water, and Wastewater Outstanding Debt Obligations
  5. Redevelopment Agency of the City of San Diego Outstanding Debt Obligations

CITY OF SAN DIEGO, CALIFORNIA  
**COUNCIL POLICY**

**CURRENT**

SUBJECT: INDUSTRIAL DEVELOPMENT BOND PROGRAM  
POLICY NO.: 100-12  
EFFECTIVE DATE: June 15, 1993

**BACKGROUND:**

The City, through its Charter and/or under the California Industrial Development Financing Act, has the authority to issue the full range of taxable and tax-exempt conduit revenue private activity industrial development bonds (IDB's) permitted by the Internal Revenue Code.

**PURPOSE:**

To establish policy guidelines and procedures regarding issuance by the City of IDB's for nongovernmental borrowers.

**POLICY:**

It shall be the policy of the City to utilize IDB's to promote private sector economic development in San Diego. The City shall issue IDB's as authorized by the City Council. IDB's shall only be issued when the City determines that substantial public benefits shall result.

**Project Qualifying Criteria.** The City shall require all IDB issues to be investment grade-rated by a nationally-recognized bond rating agency. Public benefit criteria to be considered in determination of project eligibility shall include the following:

- 1) Employment creation or retention;
- 2) Expansion of the City's tax base;
- 3) Diversification of the City's economy;
- 4) Increase in the availability or reduction of the costs of consumption of necessary goods and services, either Citywide or in a particular community;
- 5) Resource conservation and recycling;
- 6) Environmentally optimal disposition of waste materials;
- 7) Improvement in the viability of a redevelopment area, enterprise zone or community revitalization project, and
- 8) Preservation, expansion or enhancement of cultural resources.

In addition, IDB applicants shall, as applicable, provide evidence of compliance with Title VII of the Civil Rights Act of 1964 and the California Fair Employment Practices Act and a workforce analysis as required by the City Equal Opportunity Program.

**IMPLEMENTATION:**

**Marketing and Outreach.** Economic Development Services in the City Manager's Office shall actively engage in marketing and outreach efforts in order to generate IDB Program participation from the private sector and shall provide preliminary transaction structuring guidance.

**IDB Review Committee.** Economic Development Services shall be responsible for coordinating staff review of IDB applications, utilizing an IDB Review Committee with representatives from Economic Development Services, the City Attorney, the City Treasurer, the City Auditor and Comptroller, the Financial Management Department and other City departments and agencies as needed. The objective of the review will be to prudently evaluate the suitability of particular projects for IDB financing and potential fiscal impacts on the City. Upon completion of the Committee's review, Economic Development Services will produce a City Manager Report which presents perceived benefits, identifies financial concerns and offers a recommendation. The Committee shall also meet periodically for updates on IDB Program status.

**Independent Consultants.** The City shall normally designate financial advisor, bond trustee and bond counsel for all City-issued IDB's. The City shall also have the right to approve the applicant's nominee(s) for bond/underwriter, which shall be consistent with the City's MBE/WBE and equal opportunity participation goals. The cost of all consultant services shall be paid for by the applicant.

The financial advisor shall review the financial aspects of the IDB issue, including project feasibility and security structure. The bond trustee shall perform certain bond administration fiduciary functions, including registrar and paying agent. The bond counsel shall provide services customarily provided by bond counsel, including procedural issues and review of the legal aspects of the proposed transaction. In the event that the City Council approves bond counsel nominated by the applicant, the City shall also engage independent legal counsel.

**Review of IDB Applications.** IDB applications shall be submitted to the Director, Economic Development Services. The application may be denied at the Economic Development Services level, referred to another issuer such as the California Statewide Communities Development Authority Joint Powers Agency ("the JPA"), or, if initially deemed potentially feasible and appropriate for financing through IDB's issued by the City, distributed to the IDB Review Committee for further review.

The IDB Review Committee and the City's independent consultants shall prudently and expeditiously evaluate applications not previously denied for financial feasibility, public benefit, security structure, reasonable costs, potential fiscal impacts and compliance with City policy and applicable state and federal laws. Applicants shall expeditiously provide any supplemental information required.

Upon completion of the application review, Economic Development Services shall forward through the IDB Review Committee a report and recommendation to the City Manager. The item shall then be docketed directly to the full City Council for approval or denial. Every effort will be made to obtain initial official action by the City Council on all applications within 60 days of submission.

**Processing of Approved IDB Financings.** Final City Council approval of any IDB issue shall be subject to the submission of substantially final documentation for the bonds and shall be at the sole discretion of the City Council. If the IDB application is approved by City Council, Economic Development Services shall be responsible for coordinating implementation of the financing with the applicant, the IDB Review Committee, the City's independent consultants and the appropriate City officials.

**Administration of Outstanding Bond Issues.** Ongoing day-to-day administration of outstanding bond issues shall be the responsibility of Economic Development Services, which shall consult with and provide status reports to other IDB Review Committee members as appropriate.

**Fees.** It shall be the policy of the City to obtain full recovery of all City and consultant costs related to review and approval of IDB applications, IDB issuance and subsequent bond administration costs. Fees shall be charged in accordance with applicable federal law as sufficient to maintain an ongoing IDB Program. First priority use of fee revenues in excess of IDB Program expenses shall be for City economic development programs, particularly MBE/WBE and small business assistance and neighborhood commercial revitalization efforts.

The City's maximum IDB fee schedule shall be as follows:

- 1) **Application Fee.** If the City is proposed to be the issuer, a \$2,500 non-refundable application fee shall be payable at time of submission of the IDB application; if the issuer is to be the JPA or some similar entity other than the City, the application fee shall be \$1,250.
- 2) **Other City Processing and Administrative Expenses.** Staff shall engage the services of qualified independent consultants, at the expense of the applicant, to provide assistance in IDB application review, transaction processing and/or bond administration, as needed. The applicant shall be required to deposit in advance with City amounts sufficient to pay for City staff time and City out of pocket costs for consultant services. If bonds are issued, any unexpended balance remaining on deposit shall be applied, without interest, towards reduction of the origination fee due prior to closing. If bonds are not issued, any amount remaining shall be returned without interest to the applicant.
- 3) **Origination Fee.** A non-refundable IDB origination fee equal to 1/4% of the principal amount of bonds shall be payable prior to IDB issue closing.
- 4) **Administration Fee.** An administration fee equal to .025% of the principal amount of bonds outstanding as of January 1 of the year of payment (minimum \$500) shall be payable on each anniversary of the date of issuance of the IDB's. The administration fee shall be waived if the City is not the issuer of the IDB's.
- 5) **Transaction Fee.** The applicant or its successor shall be required to deposit in advance with the City amounts sufficient to cover City staff and consultant costs related to any proposed change in the bond documents after IDB's are issued.

**Indemnification.** Each applicant shall be required, as a part of bond documentation, to provide an indemnity to the City, its officers, agents and employees for all expenses, including attorneys' fees, as well as any investigation, defense, judgement or settlement costs arising out of any investigation, claim or litigation involving any IDB issue or the documentation related thereto, including any disclosure materials.

HISTORY:

“Administration of the City’s  
Private Activity Bond Allocation”

Adopted by Resolution R-264213 10/14/1985

Retitled to “Industrial Development Bond Program” and

Amended by Resolution R-282170 06/15/1993



CITY OF SAN DIEGO, CALIFORNIA  
**COUNCIL POLICY**

**CURRENT**

SUBJECT: CONSULTANT SERVICES SELECTION  
POLICY NO.: 300-07  
EFFECTIVE DATE: July 21, 1986

BACKGROUND:

The City requires services of a recurring nature or for a specific one-time project which cannot be routinely provided by City staff, either because of the expertise required or the ongoing work load. Consultants may be employed where City staff is unable to accommodate this requirement. The procedure to evaluate the need for and selection of consultants should be standardized to insure the product or service is of the highest quality in relation to available funding.

Consultant services may be performed by individuals licensed by the State of California (such as, Architects, Civil, Mechanical or Electrical Engineers, Engineering Geologists, etc.) or by individuals for which such licensing is not a requirement. Because of this variation, two separate procedures have been formulated for the selection and hiring of consultants.

PURPOSE:

To provide a uniform policy to evaluate the need for and process for selecting consultants.

POLICY:

It is the policy of the City that selection of consultants be made from as broad a base of applicants as possible and the choice be based on demonstrated capabilities or specific expertise. The type and scope of the required service or product must be clearly defined by the City Manager to determine whether it can be most efficiently provided by City staff or by a consultant, and where a consultant is chosen, whether licensed or non-licensed services are necessary. A licensed consultant will be selected where the significant portion of the service or product requires such skills and will be chosen using a nomination process with a negotiated contract. In those cases where the significant portion of the service or product does not require licensed skills, the selection process must be open and competitive involving comparison of cost statements and work effort.

The following criteria shall be applied in the consultant selection process:

A. General Procedure for All Consultants:

1. The affected department shall outline its objectives and the extent of the services that are required. This will be delineated in the form of a written document to be presented to prospective consultants.
2. Notice of the intent to seek consulting services and requests for submission of qualification statements shall be published in the City's official newspaper for every service in excess of \$3,000, except that for licensed consultants (design engineers or architects) preparing construction contract plans, this limit shall be \$15,000.

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3. A minimum of three qualified consultants should be considered for selection except in those cases where unique expertise is required and can be provided only by a limited number of available consultants.

In particular instances it may be desirable to use a "sole source" consultant. This decision must be based on circumstances where competition is not feasible and such selection must be adequately justified. Such justification must contain substantive reasons as to why only one firm was selected and must reference specific items such as time constraints, cost savings and unavailability of similar expertise.

A consultant for providing real estate appraisals may be selected from an authorized listing, approved by Council, of qualified consultants who have responded to an advertisement soliciting their services. The listing is to be approved by Council each three years or sooner if needed.

4. Consultants' presentations should be uniformly evaluated on a weighted basis of qualifications such as expertise, experience, understanding and approach to the problem, financial responsibility, capability of personnel and subcontractors on the project, conformity with the City's Affirmative Action Program and the ability to complete the project within the required time frame and budget.

References submitted by consultant shall be contacted. All evaluation and selection records shall be maintained as permanent project records.

5. The consultant shall not perform any work prior to approval by the City Council of a contract to perform the work. The City shall not be liable for any work performed prior to such Council approval.

B. Procedure for Consultants Performing Work Requiring Professional Licensing:

1. The consultant contract shall be negotiated with the highest qualified person or firm at a compensation determined to be fair and reasonable to the City. The fee structure determined will take into consideration the estimated value of services, the scope, complexity and need for professional expertise and judgment. Should it not be possible to negotiate a satisfactory contract with the firm considered to be most qualified, negotiations would be terminated and subsequently undertaken with the next most qualified person or firm.

C. Procedure for Consultants Performing Work Which Does Not Require Professional Licensing:

1. The contract shall be awarded to the highest qualified consultant using a selection criteria which will include comparison of cost statements and work effort. The fee to be paid consultants shall be considered but shall not be the sole basis for selection.
2. Where the services required are of a recurring nature but of a type that can be described with precision, pre-qualification of consultants may be utilized as the initial phase of the selection process. Each consultant on a pre-qualified list for a particular type of service will then be invited to submit a competitive proposal whenever such services are needed. This selection

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method is most applicable to work that is concerned primarily with the application of established technical procedures where minimal professional judgement is involved.

**AUTHORIZATION:**

Once the selection of the consultant has been made by the responsible department and where Council approval is required, the following information shall be presented to the Council. It should be presented in the form of a report at the time authorization to execute the agreement is being considered.

1. Identification of project by complete title;
2. Justification for use of consultant services, including whether licensed or non-licensed services are necessary;
3. Date(s) and medium of advertisement for consultant services and project title used in advertisement;
4. Number of consultants responding for consideration in the selection process;
5. Method used in selection of consultants;
6. Basis for selection of consultants;
7. Name of prime consultant, description of responsibilities, and dollar amount of prime-contract award; and
8. For consultant contracts, the name(s) of all sub-consultant(s), description of duties of sub-consultant(s), and dollar amount(s) of sub-consultant(s) fee, or percent of prime-consultant fee awarded to sub-consultant(s).

**HISTORY:**

Adopted by Resolution R-210194 03/21/1974  
Amended by Resolution R-212530 01/30/1975  
Amended by Resolution R-215714 04/07/1976  
Amended by Resolution R-218315 05/04/1977  
Amended by Resolution R-222061 10/17/1978  
Amended by Resolution R-222924 02/27/1979  
Amended by Resolution R-266263 07/21/1986

CITY OF SAN DIEGO, CALIFORNIA  
**COUNCIL POLICY**

**CURRENT**

SUBJECT: TRANSIENT OCCUPANCY TAX  
 POLICY NO.: 100-03  
 EFFECTIVE DATE: February 24, 1998

**BACKGROUND:**

HISTORY OF TOT RATES

ORDINANCE NUMBER	EFFECTIVE DATE	TOT RATE
O-9033	June 9, 1964	4%
O-9767	April 1, 1968	5%
O-11077	June 5, 1973	6%
O-16286	January 1, 1985	7%
O-17108	August 1, 1988	8%
O-17154	June 1, 1989	9%
O-18078	August 1, 1994	10.5%

On June 6, 1994, the City Council adopted Ordinance No. O-18078 N.S. increasing the Transient Occupancy Tax (TOT) rate from 9% to 10.5% effective August 1, 1994. The ordinance specifically provides that the additional 1.5% tax is to be allocated to the General Fund for general government purposes as the City Council so designates.

On February 24, 1998, the City Council adopted Resolution Numbers R-289773 and R-289774, outlining recommendations to enhance and streamline application requirements and clarify category definitions for the TOT policy. Consequently, recommendations detailed in City Manager Reports 97-175, 97-188, and 98-13 have been utilized in the development of this revised Council Policy on TOT.

**MISSION STATEMENT:**

The purpose of Transient Occupancy Tax (TOT) is to advance the City's economic health by promoting the City of San Diego as a visitor destination in the national and international marketplace; supporting programs that increase hotel occupancy and attract industry, resulting in the generation of TOT and other revenue; developing, enhancing, and maintaining visitor-related facilities; and supporting the City's cultural amenities and natural attractions.

**PURPOSE:**

Consistent with the Mission Statement, the purpose of this policy is to:

1. Provide funding for the promotion of tourism and support of cultural programs and visitor-related facilities.
2. Provide guidance to the City Manager in the preparation of the annual budget submittal to the Mayor and City Council.

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3. Provide a set of uniform guidelines, conditions, and criteria governing the application for, and granting of, funds to private non-profit organizations for the purpose of supporting their ongoing operational expenses and/or their sponsorship of special events.
4. Provide continuing financial support to those projects where financial commitments of the City are in place, as part of the debt service requirements associated with capital improvements of visitor-related facilities.
5. Provide limitations on future Transient Occupancy Tax rate increases levied by the City of San Diego.

**UTILIZATION OF REVENUES:**

As stated in Municipal Code Sections 35.0128 - 35.0133:

1. Four cents must be used solely for the purpose of promoting the City.
2. One cent can be used for any purpose the City Council may direct.
3. Five and one-half cents is deposited in the General Fund for general government purposes as the City Council may provide in accordance with the Charter of the City of San Diego and the City Council's appropriation ordinance.

**POLICY:**

1. Increases to the TOT Rate

Future increases to TOT shall be limited to a rate that is no greater than the average rate, excluding the highest and lowest rate cities, at that time, of the 15 following major cities:

*Atlanta, Boston, Chicago, Denver, Honolulu, Houston, Las Vegas, Los Angeles, Miami Beach, New Orleans, New York, San Francisco, Santa Fe, Seattle, Washington D.C.*

The City Council shall limit any tax increases if the hotel occupancy rates in the City of San Diego are less than 70% for two consecutive calendar years.

2. Funding of Private Non-Profit Organizations for Operational Expenses or Sponsorship of Special Events

In order to assist the City Council in receiving and acting upon requests for funding by private non-profit organizations, general TOT application processes have been established and are reflected on Attachment A.

Eligible programs fall into one of the following major categories:

**ECONOMIC DEVELOPMENT**

*To promote the City as a visitor destination and advance the City's economy by increasing tourism and attracting industry.*

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**SAFETY AND MAINTENANCE OF VISITOR-RELATED FACILITIES**

*To provide supplemental funding for public safety and the maintenance of visitor-related facilities.*

**CAPITAL IMPROVEMENTS**

*To provide funding for the renovation, construction and expansion of visitor-related facilities and projects.*

**ARTS, CULTURE AND COMMUNITY FESTIVALS**

*To enhance the economy and contribute to San Diego's reputation as a cultural destination by nurturing and maintaining art and culture institutions of national and international reputation; by supporting programs and projects that provide access to excellence in culture and the arts for residents and visitors; and by funding programs and events which enrich the lives of the people of San Diego and build healthy, vital neighborhoods.*

**MAJOR EVENTS**

*To provide funding for the attraction and production of major events and conventions that generate Transient Occupancy Tax and other revenues.*

3. **Single Point of Contact**

The Executive Director of the Commission for Arts and Culture will coordinate the outreach efforts and conduct the review of the pre-application forms submitted by prospective applicants. At this stage in the process, a determination will be made as to which subcategory is most appropriate and contact information for that application process will be provided.

4. **Application/Appeal Processes**

Applications are required for organizations requesting funding within the 1) Economic Development and 2) Arts, Culture, and Community Festivals categories. The Economic Development category includes the 1) Citywide and 2) Sub-regional subcategories. The Citywide Economic Development application process is administered by the Financial Management Department. This funding category supports programs that promote the City as a visitor destination and advance the City's economy by increasing tourism and attracting industry on a citywide basis. The Sub-regional Economic Development subcategory provides funding for non-profit, tax-exempt organizations to produce regionally significant programs, services and events that promote tourism, attract business, and create employment. The Sub-regional application process is administered by the Economic Development and Community Services Department.

The Arts, Culture, and Community Festivals category is made up of the 1) Festivals and Celebrations and 2) Organizational Support subcategories. These application processes are administered by the Commission for Arts and Culture. Festivals and Celebrations funds provide support to community-based festivals, parades, and other celebrations, with an emphasis on projects which promote neighborhood pride and community reinvestment. The Organizational Support subcategory provides funding

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for general operating support for non-profit, tax-exempt, arts and culture organizations with an emphasis on delivery of programs and services that impact San Diego's quality of life and tourism, and can be in the form of ongoing support throughout the year or for a specific program or event.

Recommended funding levels for all categories and specific program funding for Citywide Economic Development, Safety and Maintenance of Visitor-Related Facilities, Capital Improvements, and Major Events will be made by the Office of the City Manager.

All funding recommendations are provided to the City Council for consideration and final approval as part of the annual budget process.

Organizations considered for Transient Occupancy Tax funding may only apply for funding of one program in one subcategory and must comply with the requirements and conditions outlined in Attachment B.

Prior to the beginning of the application process for each fiscal year, an informational report shall be presented annually to the Natural Resources & Culture (NR&C) Committee. This report will identify organizations that were not in compliance with their contractual agreement with the City in the past fiscal year. Appeals to the NR&C Committee can be made by any organization regarding compliance issues, and potential impacts on future allocations.

5. Funding for debt service requirements/annual lease payments related to capital improvements of visitor-related facilities.

Funding may include, but is not limited to the following:

- a. Balboa Park/Mission Bay Park Improvements  
Financial support will be provided for improvements to Balboa Park and Mission Bay Park consistent with adopted master plans (refer to Resolution No. R-271992).
- b. Funding for the Extension of the San Diego Trolley  
Funding will be provided for annual lease payments for debt issued for the City's share of trolley extension costs as matching funds to qualify for State and Federal funding required to implement extension of the San Diego Trolley as called for in the Regional Transportation Plan (refer to Ordinance Numbers O-16947 and O-17942).
- c. Convention Center Complex  
Funding will be provided for annual debt payments and other expenses related to the expansion of the Convention Center onto the adjacent surface parking lot.

The adoption of this policy is not intended to be and shall not constitute an irrevocable commitment by the City Council to allocate monies for this purpose. Such a commitment may be made only at the time the annual budget ordinances are adopted.

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Attachment A

TOT Application Processes Flowchart

Attachment B

General Requirements and Conditions

**HISTORY:**

“Funding of Private Organization for Operational Expenses or Sponsorship of Special Events”

Adopted by Resolution R-183022 03/09/1965

Amended by Resolution R-191654 09/21/1967

Amended by Resolution R-211279 08/08/1974

Amended by Resolution R-218061 04/05/1977

Amended by Resolution R-220777 05/01/1978

Amended by Resolution R-222451 12/19/1978

Amended by Resolution R-254157 05/11/1981

Amended by Resolution R-272990 03/06/1989

Retitled to “Transient Occupancy Tax” with inclusion of Policies 100-04, 100-11 and

100-13 by Resolution R-279227 01/06/1992

Amended by Resolution R-280380 07/21/1992

Amended by Resolution R-284044 06/06/1994

Amended by Resolution R-284698 10/03/1994

Amended by Resolution R-286076 07/17/1995

Amended by Resolution R-286991 03/04/1996

Amended by Resolution R-289773 02/24/1998

Amended by Resolution R-289774 02/24/1998



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**ATTACHMENT B**

**General Requirements and Conditions**

**A. General**

1. City funding support for private nonprofit organization operational expenses and for special events will be established so as to contribute to a balance of community cultural, recreational, and promotional programs designed to enhance the well-being of the community.
2. The functions or services to be provided by a private nonprofit organization must be of such nature that the interests of the City are better served by an agreement with a private nonprofit organization than by the performance of the services or functions by the City.
3. Programs or special events supported by the City must be open to the public.
4. It is the policy of the City to encourage similar organizations to operate in a coordinated and cooperative manner. If the City funds an "umbrella" organization for federated support of similar activities, then the City will not independently fund other organizations which should properly be part of the "umbrella" organization.
5. The City will only provide funding support to a legally constituted nonprofit corporation completely directing and in complete control of its own affairs through its own officers or members. Support for special events must also be directed to a sponsoring nonprofit corporation. The majority of the activities of the applicant organization must take place within the San Diego City limits and/or benefit City residents. A representative of the City designated by the City Manager shall conduct liaison with the corporation and shall be permitted to attend meetings of the board of directors of such organizations, as deemed appropriate by the City Manager.
6. Organizations cannot apply for both Organizational Support and Community Festivals funding within the Arts, Culture, and Community Festivals category. For any other categories of funding, an organization should direct its application for funding to the program that best meets the organization's goals and objectives.
7. The City will not provide funding support to a private nonprofit organization for the conduct of any religious or political activity.
8. The City will only provide funding support to a private nonprofit organization that, in the conduct of its activities and affairs, adheres to the City's Equal Opportunity Contracting Program. The organization must not discriminate against any person because of sex, race, color, creed, national origin, physical handicaps, age, or sexual orientation.
9. The City Council retains the prerogative to waive any policy or requirement herein contained. The Council may also impose such other conditions on City support to private nonprofit organizations, as it deems appropriate.

**B. Funding**

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1. Expenses must be both incurred and paid by an organization before the City will release funding to the organization, except as otherwise may be provided.
2. Expenses must be incurred during the City's fiscal year (July 1 - June 30) for which the program is funded, except as otherwise may be provided.
3. City funds may not be used for travel, meals, lodging or entertainment expenses, except as otherwise may be provided. (Waivers to this provision will be considered for expenditures within the Economic Development Program categories.)
4. City funds will be used only to assist an organization in its annual operating program or in its sponsorship of special events. City funding will not be used for capital or equipment outlay, for the purchase of awards, trophies, gifts, or uniforms, nor for the buildup of reserves.
5. Matching fund requirements will be determined by the appropriate application process as called for in the specific funding guidelines within each funding category.
6. Organizations requesting funds should possess, at a minimum, a three-year track record of operations. Annual requests for funding may not be for one-time events or projects, though applicant organizations must have a three-year history.

**C. Request for Funds**

1. It is the City's intent to provide advance notification of the annual application process to a wide distribution of potential organizations that may be eligible for funding. Requests by private nonprofit organizations shall be supported by appropriate documentation and in accordance with the submission schedule as prescribed by the City Manager and promulgated in a procedural guide. Late submissions will not be accepted.
2. One-time special event requests must be accompanied by the same documentation outlined in paragraph C.1. above, except that financial data may be confined to the special event. A disclosure of the full-year fiscal status of the sponsoring organization will not normally be required.
3. If an organization charges fees for admission to or participation in an event, the organization's request for funding must include a disclosure of all such fees.
4. Initial requests for funding must, additionally, be accompanied by documents that evidence the existence of the organization as a legal entity in good standing. Such documents shall be determined by the City Manager and promulgated in a procedural guide.

**D. Evaluation of Requests**

1. All requests for support by private nonprofit organizations will be referred to the review panel for each funding subcategory application process for analysis and subsequent recommendations to the Mayor and City Council. These subcategories includes Festivals and

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Celebrations, Organizational Support, Citywide and Sub-regional Economic Development.  
All requests will be reviewed and evaluated in the light of the criteria of this Council Policy.

E. Agreements

1. No expenditure may be made out of any appropriation until a written agreement setting out the terms and obligations of the parties has been consummated. The agreement will specify in detail the services or functions to be performed, the nature of the payment or reimbursement schedule, and the financial reporting requirements.
2. All agreements will provide that the City may withhold funds from the contracting organizations and terminate its entire obligation upon notice to the organization if the organization violates any of the terms of the agreement, or for other good cause shown not related to a violation of the terms of the agreement. The City Manager shall thereafter advise the City Council of the notification of termination made to the organization.
3. Compliance with the terms and conditions of agreements shall be determined by the City Manager.

F. Financial Disclosure

1. Financial disclosure information shall be required of all funding recipients. Organizations receiving funding shall provide the Contract Administrator, each year, copies of true, accurate and complete financial disclosure documentation evidencing the financial status of the organization's last complete fiscal year within ninety (90) days of the end of that fiscal year.

All organizations receiving funding shall submit the following documents:

- a) A statement of the expenditure of City funds by program to be identified in the same expenditure classifications as contained in the final budget and compared with the budgeted amounts.
- b) A statement of compliance with the terms of the City's agreement.
- c) A statement of revenues and expenditures and a balance sheet of all funds received by the organization.

If City funding is \$35,000 or greater, audited financial statements, including items a, b, and c above, must be prepared in accordance with generally accepted accounting principles (GAAP) and audited by an independent Certified Public Accountant, in accordance with generally accepted auditing standards (GAAS).

2. An organization receiving funding support will permit the City to inspect all books and records at any time and to perform or require audits the City reasonably desires.

G. Compliance with General Requirements and Conditions

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1. Failure to comply with the City's terms and conditions could result in the suspension of any current remaining funding or possible future funding.
2. All organizations must be in good standing at the time of application for future funding. Non-compliance with any terms and conditions could result in the disqualification of funding requests for future fiscal years, until such time as organization comes into full compliance.

**ATTACHMENT A CAN NOT BE DISPLAYED HERE**

**SEE COUNCIL POLICY 100-03A FOR ATTACHMENT A.**

# **General Fund, Water, and Wastewater Outstanding Debt Obligations**

		<b>Principal Outstanding 6/30/2004</b>	<b>Fiscal Year 2005 Bond Payment</b>
<b><u>General Obligation Bonds</u></b>			
1991	City of San Diego, California 1991 General Obligation Bonds (Public Safety Communications Project)	\$14,390,000	\$2,333,935
1994	San Diego Open Space Park Facilities District No. 1 General Obligation Bonds Refunding Series 1994	\$31,385,000	\$7,311,468
	<b>SUBTOTAL- General Obligation Bonds</b>	<b>\$45,775,000</b>	<b>\$9,645,403</b>
<b><u>General Purpose Revenue Obligations</u></b>			
<b>Certificates of Participation</b>			
1996A	City of San Diego, California Certificates of Participation (Balboa Park and Mission Bay Park Capital Improvements Program) Series 1996A	\$20,570,000	\$3,530,608
1996B	City of San Diego, California Refunding Certificates of Participation (Balboa Park and Mission Bay Park Capital Improvements Program, Series 1991) Series 1996B	\$9,845,000	\$881,860
2003	City of San Diego 2003 Certificates of Participation (1993 Balboa Park/Mission Bay Park Refunding) Evidencing Undivided Proportionate Interest in Lease Payments to be Made by the City of San Diego Pursuant to a Lease with the San Diego Facilities and Equipment Leasing Corporation	\$16,940,000	\$1,705,554
<b>Lease Revenue Bonds</b>			
1994	City/MTDB Authority Lease Revenue Bonds 1994 Refunding - Bayside Trolley Extension	\$21,775,000	\$2,920,378
	City/MTDB Authority Lease Revenue Bonds 1994 Refunding - Police Improvements	included above	\$5,007,814
1996	Public Facilities Financing Authority of the City of San Diego Taxable Lease Revenue Bonds Series 1996 A (San Diego Jack Murphy Stadium)	\$62,870,000	\$5,771,703
1998	Convention Center Expansion Facilities Authority Lease Revenue Bonds Series 1998 A (City of San Diego, California, as Lessee)	\$192,480,000	\$13,700,545
2002A	Public Facilities Financing Authority of the City of San Diego Lease Revenue Bonds Series 2002 (Ballpark)	\$169,685,000	\$8,737,184
2002B	Public Facilities Financing Authority of the City of San Diego Lease Revenue Bonds Series 2002B (Fire and Life Safety Facilities Project)	\$24,665,000	\$1,646,408
2003	City of San Diego/MTDB Authority 2003 Lease Revenue Refunding Bonds (San Diego Old Town Light Rail Transit Extension Refunding)	\$15,010,000	\$889,149
	<b>SUBTOTAL- General Purpose Revenue Obligations</b>	<b>\$533,840,000</b>	<b>\$44,791,200</b>
	<b>TOTAL- General Obligation/General Purpose Revenue Obligations</b>	<b>\$579,615,000</b>	<b>\$54,436,603</b>

		Principal Outstanding 6/30/2004	Fiscal Year 2005 Bond Payment
<b><u>Non-General Fund Commitments</u></b>			
<b>Wastewater Improvements</b>			
1993	Public Facilities Financing Authority of the City of San Diego Sewer Revenue Bonds Series 1993 (Payable Solely from Installment Payments Secured by Wastewater System Net Revenues)	\$195,510,000	\$16,317,576
1995	Public Facilities Financing Authority of the City of San Diego Sewer Revenue Bonds Series 1995 (Payable Solely from Installment Payments Secured by Wastewater System Net Revenues)	\$301,385,000	\$23,585,916
1997	Public Facilities Financing Authority of the City of San Diego Sewer Revenue Bonds Series 1997 A and Series 1997 B (Payable Solely from Installment Payments Secured by Wastewater System Net Revenues)	\$219,155,000	\$16,637,248
1999	Public Facilities Financing Authority of the City of San Diego Sewer Revenue Bonds Series 1999 A and Series 1999 B (Payable Solely from Installment Payments Secured by Wastewater System Net Revenues)	\$290,165,000	\$20,513,883
2004	Private Placement - Public Facilities Financing Authority of the City of San Diego Non-Transferable Subordinated Sewer Revenue Bonds Series 2004 (Payable Solely from Installment Payments Secured by Wastewater System Net Revenues)	\$152,000,000	\$652,183 (1)
<b>SUBTOTAL- Wastewater Obligations</b>		<b>\$1,158,215,000</b>	<b>\$77,706,806</b>
<b>Water Improvements</b>			
1998	Certificates of Undivided Interest In Installment Payments Payable From Net System Revenues of the Water Utility Fund of the City of San Diego, California, Series 1998	\$286,665,000	\$21,355,025
2002	Public Facilities Financing Authority of the City of San Diego Subordinated Water Revenue Bonds, Series 2002 (Payable Solely from Subordinated Installment Payments Secured by Net System Revenues of the Water Utility Fund)	\$286,945,000	\$13,506,433
<b>SUBTOTAL- Water Obligations</b>		<b>\$573,610,000</b>	<b>\$34,861,458</b>
<b>TOTAL Non-General Fund Commitments</b>		<b>\$1,731,825,000</b>	<b>\$112,568,264</b>

(1) First Quarter FY 2005 Interest Only Bond Payment

**Redevelopment Agency of the City of San Diego**  
**Outstanding Debt Obligations<sup>(1)</sup>**

		Principal Outstanding 6/30/2003	Fiscal Year 2004 Bond Payment
<u>Redevelopment Agency/Redevelopment Division's Issuances</u>			
1999	Redevelopment Agency of the City of San Diego City Heights Redevelopment Project Tax Allocation Bonds Series 1999 A Tax Allocation Capital Appreciation Bonds Series 1999 B	\$15,830,523	\$431,052
2000	Redevelopment Agency of the City of San Diego North Bay Redevelopment Project Tax Allocation Bonds Series 2000	\$12,535,000	\$889,220
2000	Redevelopment Agency of the City of San Diego North Park Redevelopment Project Tax Allocation Bonds Series 2000	\$6,755,000	\$476,243
2003	Redevelopment Agency of the City of San Diego City Heights Redevelopment Project 2003 Housing Set-Aside Tax Allocation Bonds Series A (Taxable) Series B (Tax-Exempt)	\$5,650,000 <sup>(2)</sup>	\$411,713
2003	Redevelopment Agency of the City of San Diego North Park Redevelopment Project 2003 Housing Set-Aside Tax Allocation Bonds Series A (Taxable) Series B (Tax-Exempt)	\$12,150,000 <sup>(2)</sup>	\$803,873
	<b>SUBTOTAL- Redevelopment Division</b>	<b>\$52,920,523</b>	<b>\$3,012,101</b>
<u>Centre City Development Corporation's Issuances</u>			
1993A	Redevelopment Agency of the City of San Diego Centre City Redevelopment Tax Allocation Bonds Series 1993A	\$15,500,000	\$2,596,040
1993B	Redevelopment Agency of the City of San Diego Centre City Redevelopment Tax Allocation Bonds Series 1993B	\$19,655,000	\$1,016,234
1996	Redevelopment Agency of the City of San Diego Horton Plaza Redevelopment Project Tax Allocation Refunding Bonds Series 1996 A	\$10,140,000	\$1,125,213
1996	Redevelopment Agency of the City of San Diego Horton Plaza Redevelopment Project Tax Allocation Refunding Bonds Series 1996 B	\$1,490,000	\$418,445
1999	Redevelopment Agency of the City of San Diego Centre City Parking Revenue Bonds Series 1999 A	\$11,625,000	\$958,890
1999	Redevelopment Agency of the City of San Diego Centre City Redevelopment Tax Allocation Bonds Series 1999A	\$25,420,000	\$1,267,791
1999	Redevelopment Agency of the City of San Diego Centre City Redevelopment Tax Allocation Bonds Series 1999B	\$11,360,000	\$710,000
1999	Redevelopment Agency of the City of San Diego Centre City Redevelopment Tax Allocation Bonds Series 1999C	\$13,040,000	\$800,866
2000	Redevelopment Agency of the City of San Diego Horton Plaza Redevelopment Project Tax Allocation Bonds Series 2000	\$14,800,000	\$931,770

1. Any financings that occurred since 6/30/04, including refundings, are not reflected in this schedule.

2. Principal outstanding shown as of 6/30/04. Bonds were issued in December 2003 (Fiscal Year 2004).